

The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends. -- James Monroe

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U.S. Money Problem Raises Many Issues

Explanation Given of Gold and Monetary System. Many Complexities Revealed

SUPPLY OF GOLD INCREASES

United States Now Holds More Than Half of Total World Stores of Precious Metal

Because it is necessary to treat the important and complex money problem fully, we present two articles on the subject. They are longer than our usual articles, and in order to make room for them, we are omitting the feature, "Historical Backgrounds," which ordinarily appears on page 6 of THE AMERICAN OBSERVER. Our discussion of money problems will be concluded next week.

The money problem, in some form, has been a subject of heated discussion over and over again in our history. The colonists and the mother country quarreled about the printing and coining of money. During the Revolution and the years that followed, the Continental Congress printed so much money that it was worthless. Hamilton established a national bank and Jackson killed it. Paper money, known as "greenbacks," was printed during the Civil War, and for years thereafter the country seethed with debate about it. William Jennings Bryan claimed in 1896 that the country was being "crucified on a cross of gold" because silver as well as gold was not freely coined as a part of our money standard.

Complex Problems

In 1933 we went off the gold standard, and the next year the gold content of the dollar was lowered; that is, less gold was required to back up each dollar. Today we are worried because our government is buying foreign gold and burying it in the Kentucky hills, despite the fact that we already possess more of this precious metal than all the rest of the nations together. We are worried also because the national debt is rising and we are asking whether this will mean that people will lose confidence in our money so that it will sink in value. We debate the question of whether the government should go on borrowing money and distributing it among the unemployed to relieve distress and to stimulate business.

And so it goes. Problems relating to money are always with us and always command public attention. These problems are so complex, however, that few understand them. That is why serious errors of governmental policy are sometimes made. It is important, therefore, that an effort be made to understand certain basic facts about money and to apply this knowledge to current problems. We shall discuss a few of the most important of these facts in this article and in the one which will follow it next week.

As a first step, suppose we get a mental picture of the money which is in use in America; a picture of United States currency. The magazine *Fortune* (February 1940) helps us to see this stream of money; "the pennies that pay the sales taxes, the nickels that clack through the subway slots," the dimes, quarters, half dollars, the silver dollars. "There are about \$600,000,000 of these coins ringing over the counters of the Woolworths and Grants, through the cash registers of the A. and

(Continued on page 6)



THE UNITED STATES RECEIVES A SHIPMENT OF GOLD FROM EUROPE

Smugness Versus Patriotism

By WALTER E. MYER

W. J. Cameron, radio commentator for the Ford Motor Company, complained recently because of the appearance of a good many books portraying the seamy side of American life. He condemned bitterly authors who expose poverty and distress. He felt that they were slandering America; were giving the impression that opportunity is dying out. He suggested that attention should be directed toward American achievements rather than shortcomings. A good many people agree with Mr. Cameron. They become jittery about a movie like "The Grapes of Wrath." I have no doubt that the popularity of this picture is largely responsible for Mr. Cameron's outburst.

Is this an intelligent and a patriotic attitude? I do not think so. If we really love America and want to make her a stronger and better country, we must understand the conditions of American life. We cannot serve the country if we are ignorant. We must know the nation's strength and also its weakness. If we are truly democratic, we must try to eliminate poverty and see to it that opportunity is enjoyed by all. We must try to get rid of rural and city slums, to check crime, to improve standards of health, to wipe out injustice. We cannot do this if we shut our eyes to everything that is wrong and pretend that all the people already live in comfort; that there is no crime or poverty. As a matter of fact, there are many ugly spots in American life. There is too much crime. There is poverty. Conditions as bad as those depicted in "The Grapes of Wrath" may be found in every state of the Union. Any writer or dramatist who brings these facts vividly before our eyes and burns them into our consciences renders a really patriotic service, for he helps to create public opinion which will insist upon improvement; upon a greater and better America.

I would be greatly concerned if all or even most of our books and plays and movies depicted poverty or failure, for then we would not have a complete picture of life in America. There is achievement here as well as failure, and I want to see achievement portrayed in our literature and art. America is a great nation—the happiest and most fortunate in the world. We should be proud of our country, and most of our literature, as a matter of fact, is calculated to stimulate pride. Nine-tenths of all movies picture only the fortunate, the well-to-do. When an occasional book or movie rounds out the picture by pointing out conditions calling for improvement, we should welcome it as a patriotic contribution.

War In Europe Now Spreading Rapidly

Germans and British Battle in Norway as Denmark Is Taken Over by German Forces

OTHERS PREPARE FOR WORST

Belgium, Holland, Sweden Fear an Invasion; Balkans Become Nervous; Italy Ponders Course

With the spread of the European war to Scandinavia, two weeks ago, the long period of Allied-German inactivity was swiftly and violently broken. German forces have occupied Denmark and are attempting to subdue Norway. The German air force seems to be entering the early stages of a titanic test of strength with the British fleet—a test which may prove decisive. Disjointed but furious battles are in progress on land, sea, and in the air from the western front to points 140 miles north of the Arctic Circle. The theater of war is spreading, and as we go to press it appears that it may spread further still. Belgium, the Netherlands, and Sweden fear they may be attacked at any moment, and are preparing for the worst. A similar state of mind prevails in the Balkans. By the time this reaches our readers, the British and Germans may have settled down to a long campaign in Norway, or the fighting may have spread into countries now neutral. At present observers are agreed on only one thing—that the long-anticipated, long-delayed "war in earnest" has begun at last.

Neutrality Ends

The whole story of how Denmark and Norway have become involved in the second world war, after having escaped the first, will probably not be known for some years. Both states wished and tried to avoid war, and both for good reasons. Denmark, with 3,813,000 people, an ineffectual army, and without natural frontiers, was virtually defenseless. It made no serious effort to prepare for war, and probably could not if it had wanted to. A small, fertile land of gently rolling hills and fields, it asked only to be allowed to continue its democratic way of life, and to export its farm and dairy products to Great Britain and Germany, its best customers.

Norway, with 2,900,000 citizens, is larger in area, but its mountains and stony, unproductive soil have forced Norwegians to turn to the sea for a living ever since the Viking era. Long known as excellent sailors, fishermen, and whalers, the Norwegians own the world's fourth largest merchant fleet, and have been extensively engaged in what is called the carrying trade, that is, in transporting other people's goods. With very little in the way of naval craft to protect this far-flung merchant fleet, Norway has sought consistently to keep clear of all wars, regardless of nations or issues involved. She suffered the loss of 800 ships during the World War without entering the conflict. In the present war, Norway limited her action to diplomatic protests when Germans sank 55 of her merchant ships, causing the death of several hundred seamen, and when the British violated her neutrality upon several occasions. It was only when the first invading Nazi ships were sighted steaming up Oslo Fjord toward their capital that the Norwegians opened fire and entered the war.

(Concluded on page 3)



THE FAMOUS "IRON GATE" ON THE DANUBE

The broad Danube narrows between towering cliffs as it leaves Yugoslavia and enters Rumania. The passage through the mountains is known as the "Iron Gate."

- Straight Thinking -

Exaggeration

WHEN you read a communique which has been issued by the German, British, French, or Russian governments, do you believe it? Do you accept it as a dependable statement of fact? Or do you wait to see what the other side has to say?

You wait, do you not, for further evidence? You know that each government overstates its own case. It exaggerates the victories of its forces and belittles their defeats. You know in advance that it will do this, so you make allowances. You discount quite a little what each public announcement from a European capital contains. If one of the warring governments should issue a communique that was true, no one would believe it.

Political candidates are masters at exaggeration. Thomas E. Dewey in a recent address spoke of the Roosevelt administration as one that looks "upon all business as 'the enemy.'" Of course, it does not consider all business or businessmen as enemies. Its policies may be injurious to business. That is a debatable question, and Mr. Dewey presents very good arguments to show that certain Roosevelt policies hurt business. But he weakens his case by exaggeration, weakens it with thoughtful people. Of course he is not the only offender of this kind. He is not even the chief offender. Nearly all political leaders resort to absurd exaggeration.

An occasional leader stands out as an exception. Two former Presidents, Woodrow Wilson, Democrat, and Herbert Hoover, Republican, though falling now and then into exaggeration, avoided it as a usual thing. Their speeches were ordinarily thoughtful, reasonable, restrained, and dignified, and they were far more effective when they did not resort to cheap political devices.

There are individuals whose statements are as unreliable as the communiqués which warring governments issue. We all know people who exaggerate. If they have accomplished something, they enlarge it when

they tell about it. If they make a charge against someone with whom they have a dispute, they overstate their case.

What is the result? No one believes them. Everyone discounts what they say. Each person who hears them takes what they say with a grain of salt. They lose in influence in the long run because of their exaggeration.

These people who exaggerate get to the place where their thinking is crooked. They see things in a distorted way. They get to thinking that what they have said is true. They feel, also, that they must exaggerate each point because they know that those who listen to them will make allowance for their overstatements. If they tell the truth, people will think it is more than the truth; that it is an exaggeration. So they become confused and they confuse others. There can be no straight thinking unless there is honesty and a straightforward relating of facts.

What the Magazines Say

WHAT has happened to Main Street? How has the American small town, caricatured by Sinclair Lewis and reviled by H. L. Mencken and his disciples, been affected by the depression? By the New Deal? By the vast number of social experiments that have taken place in the United States since the 'twenties?

To answer these questions, Dale Kramer undertook to study what he regards as a typical small American city: Sigourney, Iowa. His findings are reported in the April *Forum*. Sigourney voted against Hoover in 1932. But it voted for Landon in 1936. It has become scared of the charges of radicalism that have been leveled against the New Deal. The businessmen of Main Street, the small merchants, remain essentially conservative in their economic views. They follow the lead of "big business." They think the New Deal has interfered too much with industry.

Main Street's attitude toward other things, on the other hand, has been markedly altered. Mr. Babbitt has lost his smug paunch. He is not quite so sure that everything is for the best in the best of all possible worlds. The luncheon clubs of Main Street still have their weekly gatherings but they are more subdued. Main Street looks at itself more objectively. Perhaps the change is best symbolized in the removal from the roads leading into Sigourney of the signs that once proclaimed: "SIGOURNEY: THE BEST LITTLE CITY IN IOWA."

The *Atlantic Monthly* for April features an article on a "Program for Peace" by Paul Reynaud. Since M. Reynaud is now premier of France, his views on the reconstruction of Europe are of paramount interest. He contends that the failure of Versailles was not, as many people think, its bungling of political frontiers. The boundaries that were established were as fair as any that ever existed in Europe. Versailles fell through because economic boundaries were made to coincide with political frontiers. Each nation had its own little economic world which it guarded

Formula for Happiness Outlined By Andre Maurois in New Volume

WE are calling your attention this week to two new books. One of them takes the reader to a foreign country and the other invites him to look inward upon himself and to find the best ways of living.

The first of these books is "Son of the Danube," by Boris G. Petroff (New York: The Viking Press. \$2). It is the story of a Bulgarian boy who lived in a village on the Danube, across the river from Rumania. The boy, Mitko, and his companion have many adventures as they play along the river, and the story of their exploits is, itself, interesting.

But the chief value of the book to an American reader is that it introduces him to life in the Danubian countries. In its pages one sees how the people live, what their homes are like, how they work and play. It is hard to obtain such a picture as this of any foreign people except through fiction. A nonfiction book on Bulgaria might tell us of social and economic problems; it might explain international relations. But it probably would not give us intimate pictures of the people in their daily rounds. That is what this book does.

* * *

"The Art of Living," by André Maurois (New York: Harpers. \$2.50), is a book dealing with a number of life's problems. The author, a Frenchman who has achieved fame as a biographer, advises his readers on matters pertaining to love, marriage, family life, friendship, thinking, working, leadership, growing old, and happiness. The chapter on happiness is one of the best.

M. Maurois lists a number of the most common obstacles to happiness and he advises concerning methods of overcoming the obstacles. In some cases he admits that it is hard to find a remedy. It is difficult to find happiness, for example, if one is extremely poor or ill. If one is jobless and his children are actually hungry, he cannot be happy until conditions have been improved. Neither can one be happy if he is desperately ill.

Many people, however, are unhappy over imaginary poverty. They fret and worry because they do not possess things which they want, even though they are in

no actual distress. The author believes that unhappiness of this kind can be avoided if one throws aside his imaginary misfortune and turns his attention toward enjoyments which are within reach.

Another cause of unhappiness is failure. One does not obtain something which he wants, and yet as a usual thing the prize which was sought is by no means essential to happiness if one were only wise enough to see it that way. If a person is ambitious and fails to realize his ambition, he can by exercise of will usually substitute something else for that which he desired.

Another very frequent cause of unhappiness is a bad conscience. If one does not satisfy himself, if there is an inner conflict within him, and if he suffers from remorse, he is indeed unhappy. And the only cure is to square his conduct with his ideals.

Then there is the matter of anxiety or fear of danger. We all know that many persons are rendered unhappy because of their fears. They may fear illness or failure or loss of friends, or they may have anxieties which are hard to define. Usually these fears are quite unfounded. We worry about things which never happen. One who looks squarely at that fact may learn to become more reasonable and to throw



(From a woodcut by Hans A. Mueller for "Son of the Danube.")

off worries concerning misfortunes which may never occur.

Boredom is a state of mind which comes in the way of happiness. When people have nothing to do and are interested in nothing in particular, life is extremely unpleasant. The cure for boredom is to acquire an interest over a broad field. One who enjoys reading and music and friends and his work, and who has interests or hobbies in a number of directions, is not likely to suffer the pains of boredom.

This book by André Maurois is not profound. It is very readable and it contains many suggestions which should be helpful to the ordinary student. The chapters on working, thinking, and friendship, as well as the one on happiness, are well worth reading. One will find in these chapters frequent bits of wisdom such as the following paragraph with which M. Maurois concludes his chapter on the Art of Living:

"... In addition to his power to control his fellows, a leader must possess a strong sense of duty; he cannot retain his position unless he renders himself worthy of it every day. No man is a good leader if, when he has been put at the head of a community or a commercial enterprise, he seeks only to better his personal affairs; nor is the man a good leader who accepts a command in the army and puts his pleasures above his responsibilities; nor is he who, in his leadership of other men, gives in to anger, resentment, or on the other hand to favoritism and nepotism; nor is he who, having a share in the conduct of his country's foreign affairs, sacrifices its permanent good to internal bitterness and intrigue. The role of the leading classes is to direct, that is, to indicate the path of honor and work. To lead is not a privilege; it is an honor and it is a trust."

PRONUNCIATIONS: Haakon (hok'kon—first a as in orb, second o as in obey), Faeroes (fair'oe), Giurgiu (joor'joo—oo as in foot), Kattegat (kat'e-gat), Narvik (nahr'veek), Skagerrak (skah'ger-rak), Whangpoo (hwahng'poo—oo as in food), Pruth (proot'—oo as in food).

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War In Europe Seen Spreading

(Concluded from page 1)

Why did Germany invade these two neutral states? Britain's attempt to stop the German iron ore trade along Norway's coast by planting mines in Norwegian territorial waters (see *THE AMERICAN OBSERVER* for April 15) was the reason given by German sources. But this does not tell the whole story. The British laid these mines to prevent German ships from carrying Swedish ore down the "winter route" by way of the Norwegian coast just at the time the melting ice was opening the alternate ore route from Swedish ports to Germany through the Baltic. Why the Allies did not lay these mines earlier, if they wished to cut off Germany's imports of Swedish ore, is not clear. One explanation may be that it has been only recently that men favoring more vigorous action against Germany have been coming to the top in British and French cabinet shuffles. At any rate, the planting of mines along Norway's coast by the Allies hardly seemed by itself to justify a German invasion of Scandinavia. It might have interrupted German imports of Swedish ore, but it could not have cut them off for very long.

Other Reasons Given

Various other explanations have been given for Germany's northward thrust. It is possible that the Allied economic blockade had been drawn so tightly around Germany that Hitler decided he must gamble on a swift blow directly at the blockade itself, or suffer certain defeat. It is also possible that the Allies may have intended—as German sources claim—to invade Scandinavia, seize the Swedish mines, and establish a northern front against Germany, and that having discovered this, Hitler struck first. Some observers believe that Germany's northern drive may be only a feint designed to detract attention from a more important attack elsewhere. Others hold that it will be Germany's main war effort, a direct attack on England the first step of which is establishment of powerful air and submarine bases at various points on the Norwegian coast.

Whatever may have brought it about, the German northward drive gave every evidence of careful planning and long preparation. Troops, ships, supplies, munitions, propaganda leaflets in Norse and Danish, and a thousand other things needed by an expeditionary force were all in readiness. Within 24 hours after the invasion began, Denmark had, under protest, accepted a German "protectorate" and had been occupied by some 60,000 German troops. At the same time German troops had been ferried into Norway, occupying a dozen key cities, railroad terminals and seaports, including the capital, Oslo. The Norwegian army, numbering perhaps 30,000 men, retired inland, but King Haakon refused to yield, as his brother, Christian of Denmark, had yielded to German demands.

For some reason not yet known, the

British navy failed to prevent this German move across the Baltic and up the Norwegian coast. The element of surprise had something to do with it. In some ports, German troops had been hiding in innocent-looking freighters in the harbor, and simply landed and took over key points before Norwegians or British knew what was happening. Somehow German destroyers and cruisers managed to steam through or by the mine fields planted along the Norwegian coast by British ships the night before. The fact that the seas were stormy, and that visibility was cut down by mists and snow squalls may also have had something to do with it.

Sea Power vs. Air Power

In the days which have passed since this initial German success, the campaign off Norway has become primarily a struggle between the British fleet and the German air force. From the very first, the British aimed directly at the narrow waters between the Norwegian-Swedish coast and Denmark known as Skagerrak and Kattegat. It is through these waters that German naval craft, troopships, and supply ships must pass on the way to Norway. The chief objective of the British has been to force the Skagerrak and Kattegat, to cut off the German supply lines, and to isolate

that the damage has been considerable. On the other hand, the British have so far succeeded in sinking only one out of every eight German troopships and supply ships bound for Norway. There have been reports of great naval battles with scores of ships involved, but they seem to have been exaggerated. Most of the fighting so far has been limited to small squadrons, and none of the battles have been important enough to decide the outcome of the war in the north.

Of Great Importance

Both to Germany and to the Allies the war in Norway is now of great importance. If Germany wins, she will have cut off Britain from her Scandinavian markets, put a stop to British imports of Swedish ore, and established a solid, almost unbroken line of German-dominated coast line running from the German-Dutch frontier up through the North and Norwegian Seas and far into the Arctic. With submarine and air bases established along this coast, the power of the British fleet might be neutralized or destroyed, and the Allied economic block-



INT'L NEWS

DENMARK'S PLEASANT FIELDS

Although small, Denmark is one of the most important agricultural nations of Europe. Danish products will now go to serve the purposes of Germany.

more ore going to Germany. The entrance of Sweden on either side would be of great importance, for Sweden is far stronger than Norway, Denmark, or Finland. With 6,284,000 people, with one of the largest armaments industries in Europe, with plenty of iron and coal, and first-class heavy artillery, and with a well-trained army of 600,000 men, Sweden might be strong enough to decide the issue.

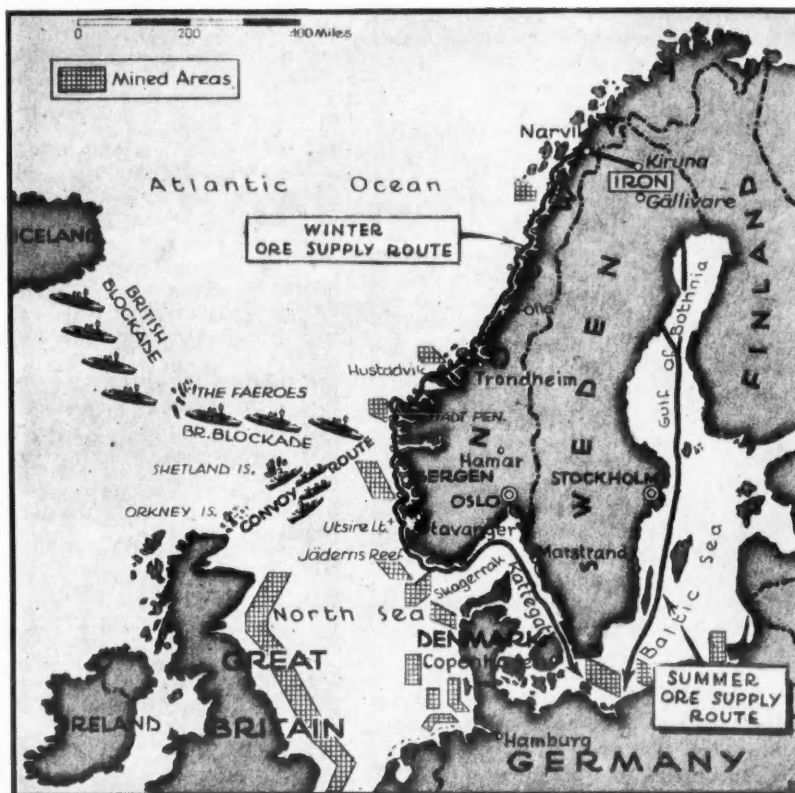
This fact has caused both Germany and the Allies to hesitate before infringing too much on Swedish rights. The Swedes themselves are facing a dilemma. Their aircraft stocks, and some types of munitions have been depleted by the aid sent to Finland. They know that if they seem to side with Norway, Germany may launch a blitzkrieg upon Sweden. But they also know that if Germany should win, Sweden will be caught in a vise between a German-dominated Norway, and a Russian-dominated Finland. All over Sweden it is recognized that Swedish independence and security is in grave danger, but the final decision on Sweden's course has yet to be made.

Other Neutrals

It is not only Sweden whose neutral course may be affected by the chain of events now in progress in Norway. It is said that Mussolini has been very much impressed by Britain's failure to prevent German forces from landing in Norway. A big Allied success, or further German victories in the north might exert a powerful influence on Italy's future course. Some observers believe that Mussolini may already have committed himself to join Hitler in a campaign in the Balkans, and that the northern campaign has been launched simply to detract attention. Lacking any definite news, the Hungarians, Rumanians, and Yugoslavs are waiting and praying that no German blitzkrieg will be turned their way.

Even greater dread exists in the Netherlands. The fear that either Allied or German armies may suddenly attack Holland in an effort to get around the fortified areas of the western front has become so great that all Dutch troops have been gathered at key points with instructions to blow up bridges and dikes at the first sign of an invasion. The Netherlands government has also warned its people to be on the lookout for a "wooden horse," a statement which has been interpreted to be directed against the Nazis and Nazi sympathizers in Holland. Rumors started to fly when German newspapers claimed that Britain was preparing to invade Holland. Dutch troops are watching the ports through which British troops might come, but they are even more interested in the German border, where the fear of attack is greatest. The Dutch, and their neighbors, the Belgians, fervently hope that Germany and Britain will settle down and do their fighting in the north. They hope so, but they are not sure.

REFERENCES: (a) *The War Spreads. The Nation*, April 13, 1940, p. 464. (b) *Germany Behind the Blockade*, by K. Brandt. *Foreign Affairs*, April 1940, pp. 507-516. (c) *The War Begins. The New Republic*, April 15, 1940, pp. 491-492. (d) *War to End Europe*, by W. H. Chamberlin. *Forum*, March 1940, pp. 97-101.



ADAPTED FROM A MAP IN N. Y. TIMES

THE NORTHERN FRONT
The principal battles in the naval war around Norway have been fought in the Skagerrak seaway, and around Bergen and Narvik.

German forces in Norway in order that they may be destroyed piecemeal. To accomplish this, British destroyers and cruisers steamed into these narrow waters, risking German mines and air attacks, and sank a number of German naval craft and loaded troopships, while at the same time Allied mine layers raced on the stormy seas to the east and are reported to have planted mines all the way along Germany's Baltic coast to Lithuania.

It is not yet clear which side is winning the second phase of the German-Allied struggle over Norway. The Allies and Norwegians have succeeded in inflicting severe damage upon the German fleet. If current reports are to be trusted, one or two of Germany's three first-class battleships have been damaged; one of her two remaining "pocket-battleships" has been damaged; one out of five heavy cruisers has been lost; three out of seven light cruisers have been sunk; and 11 out of 25 or 30 German destroyers have been sent to the bottom. These figures may be revised in any direction in the days to come, but they indicate

ade of Germany rendered impossible. A German defeat in Norway would place Britain in a dominant position on the Scandinavian peninsula, and permit the establishment of a northern front from which raids, or perhaps a mass assault, could be made upon north Germany. It would give Britain temporary command of the Norwegian merchant fleet, and tighten the Allied blockade of Germany's coast, perhaps to the extent of shutting off all German imports of Swedish ore. It is possible that an out-and-out victory by either side in Norway would probably determine the outcome of the whole war.

Sweden's Position

At the present time, a great deal depends upon Sweden, which has so far remained neutral. That the Swedes will be permitted to remain neutral long is doubtful. If Germany finds herself hard-pressed in Norway, she may demand the right to move artillery and reinforcements to Sweden, in order to haul them over Swedish railways to Norway, something which would be very much easier to do than to carry them across the dangerous waters of Skagerrak. If Germany were winning in southern Norway, British forces might attempt to strike across into Sweden from Narvik and seize the Swedish iron mines to prevent any



INT'L NEWS

NORWEGIAN PORT

A view of Narvik, through which Germany has obtained much of her Swedish iron ore. The port was captured first by Germany but later, according to reports, taken by the British.



SECRETARY OF STATE HULL REGISTERS A VICTORY

His reciprocal trade program given a new lease on life by Congress, Secretary of State Hull watches proudly as the bill is signed by the President. Left to right behind the President: Secretary of Agriculture Henry A. Wallace, Secretary Hull, Senator Pat Harrison, chairman of the Senate Finance Committee, and Representative Robert L. Doughton, chairman of the House Ways and Means Committee.

DOMESTIC

Echoes in America

As England and Germany came to grips in the fiercest sea struggle since the Battle of Jutland, echoes of the Scandinavian warfare quickly reached the United States. Neutrality, foreign commerce, and national defense came into the picture as President Roosevelt and Secretary of State Hull took steps to protect American interests.

Acting under the Neutrality Act, President Roosevelt issued a proclamation to define a "combat zone" surrounding the Scandinavian countries. American ships and American travelers are now forbidden to enter this zone. Meanwhile, the State Department studied the problem of protecting the 3,000 Americans who were in Denmark, Norway, and Sweden when the war spread northward.

While small in comparison with our total foreign commerce, American trade with the Scandinavian countries is important and profitable. Last year, our exports to Denmark, Norway, Sweden, and Finland totaled about \$166,000,000. During the first two months this year, American goods worth \$30,618,000 were shipped to Scandinavian buyers, and we imported nearly \$15,000,000 worth of their products. Also at stake are about \$221,000,000 of American investments in Norway, Sweden, and Denmark.

Although the fate of these investments is in doubt, the State Department took steps to prevent Germany from profiting on Danish and Norwegian funds in the United States. Funds deposited here by the two countries or their citizens are being protected, and loans which the United States has made to the Scandinavian nations will be safeguarded to keep Germany from getting hold of the money.

As the European war spread, there were reports that the Senate and the House might boost the total amount which will be spent for national defense. For the year beginning

July 1, the House has already voted a total of over \$1,750,000,000 for the army and the navy. The Senate has not yet acted on the measure. Army and navy officials are talking of asking for another \$120,000,000 for special defense purposes—an indication of concern over the war's new intensity.

Business Outlook

By the middle of April, business had not yet found its way out of the slump which began the first of the year. From September to December, it will be recalled, business activity moved ahead rapidly. Despite the loss of much of that ground, conditions now are generally better than they were a year ago. Power plants, lumber mills, automobile factories, cotton mills, railroads, and steel mills have been doing more business this month than in April 1939.

Nevertheless, businessmen are anxious to find the cause of 1940's decline. Some are suggesting that industry was too optimistic during the early months of the war; that factories geared up to supply the heavy demands of stores and consumers; and that when everyone was stocked up, production was halted abruptly.

Other economists have been examining the relation between business conditions and the presidential campaign. The theory that industry hesitates to go ahead until the November election is out of the way, however, does not seem to have the conclusive support of history. The *New York Times* recently pointed out that since the turn of the century, the election years of 1900, 1912, 1916, 1928, and 1936 were years of "good business." Bad times preceded the campaigns of 1904 and 1924, but recovery practically coincided with the start of the presidential campaigns. Only 1908, 1920, and 1932 were years of "bad business."

Greatest Inventions

American industrial progress and inventive genius were reviewed this month as the nation celebrated the 150th anniversary of its patent system. During the celebration, 75 industrial executives and leading scientists were asked to select the greatest of all American inventions.

They named Whitney's cotton gin, Fulton's steamboat, McCormick's reaper, Morse's telegraph, Goodyear's rubber vulcanization process, Howe's sewing machine, Sholes' typewriter, Westinghouse's air brake, Bell's telephone, Edison's phonograph, Edison's incandescent lamp, Tesla's induction motor, Hall's aluminum production method, Mergenthaler's linotype, Edison's motion-picture projector, the Wright brothers' airplane, de Forest's vacuum tube, Bakeland's plastic (bakelite), and Burton's oil-cracking process.

A New House

Congress has paved the way for the membership changes which will occur in the House of Representatives after the 1940 census results are reported. Both the Senate and the House recently passed a bill which instructs

The Week at Home

What the People of the World Are Doing

the President to send the census figures to Congress soon after the new session convenes next January. The size of the House will remain at 435 members, and each state's share of this total will be in proportion to its share of the nation's population.

Without naming specific states, experts in the Census Bureau say that northeastern and midwestern states will lose at least six members in the House, since the population of those regions has declined. States in the South and the far West, where populations have increased, will gain in membership.

Steel Workers

Nearly three years ago, the plants of the Republic Steel Corporation in Ohio closed down when more than 5,000 employees went on a strike. Although operations were resumed some time later, the bitter controversy which split the workers and the company recently engaged the attention of the Supreme Court.

The justices listened intently to the story of the National Labor Relations Board, which said that "unfair labor practices" on the part of the company had caused the strike. The NLRB argued, too, that the company "deliberately planned and incited hysteria and violence in order to terrorize union members." So the board asked the justices to uphold its decision that the workers should be paid for the time which was lost in the strike.

Objecting to this order, the company claimed that the "sole cause of the strike was its refusal to sign a contract with the Steel Workers' Organizing Committee," a CIO affiliate. The Supreme Court was told that the

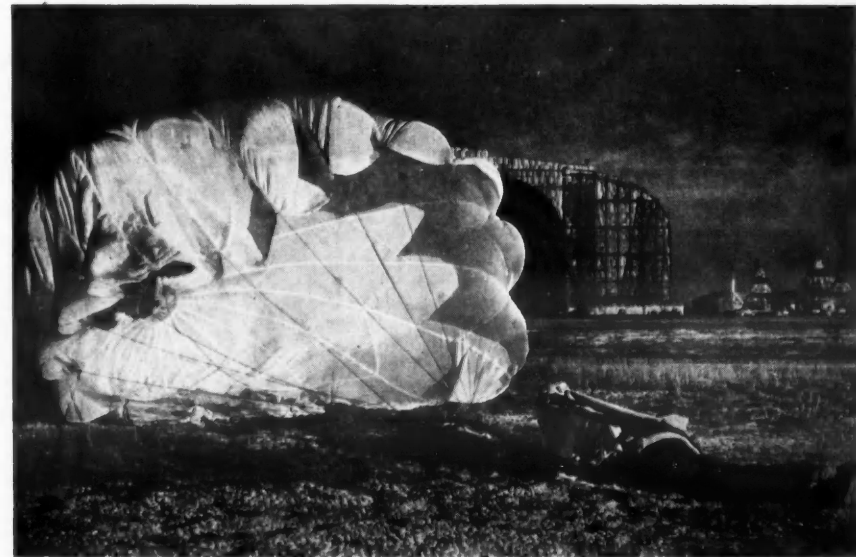
Agriculture. Another major change takes nearly all the Food and Drug Administration from the Department of Agriculture and places it with the Federal Security Administration.

The shift which drew fire was the transfer of the Civil Aeronautics Authority from its position as an independent agency to become a branch of the Department of Commerce. In addition, the Air Safety Board would be abolished, and its functions given to the CAA. Senator McCarran of Nevada led some congressional opposition to this provision of Plan IV, and his group had support from a number of aviation companies. They say that the CAA has done a good job, and that commercial aviation, under this leadership, has operated for over a year without a single fatal accident.

President Roosevelt replied that the CAA would do its same work under the new arrangement, and that the change would relieve the White House of direct responsibility over the agency. Instead, the head of the CAA can report to the secretary of commerce. Congress has 60 days in which to weigh these arguments, and decide whether to let the President's Plan IV operate or not.

Power of X-Ray

In the treatment of diseases, doctors have made miraculous use of the powerful X-ray. But this mysterious force has damaging effects if it is handled incorrectly. The length and the intensity of treatments must be measured carefully. In the course of experimenting with these standards, many doctors have suffered permanent burns; some have lost arms



A STUDENT GRADUATES

One of the 10 students who graduated from the parachute training class at the Naval Air Station at Lakehurst, New Jersey, recently. The three-months training course for enlisted men is finished by a jump from a blimp at a height of 2,000 feet.

individual members of the union had committed acts of violence during the course of the strike, disqualifying themselves for the back pay.

After weighing the arguments, the justices decided that the employees should be paid by the company. The total amount of these back wages is estimated to be \$5,000,000. However, the workers must repay the government for various relief allowances which they received during the period of the strike.

More Reorganization

As we reported last week, the third set of proposals which the President has made under the Reorganization Act were minor in scope; there was little comment, pro or con, on the recommendations.

But Plan IV, which was produced a week later, stirred up a brisk controversy. It transfers the Weather Bureau from the Department of Agriculture to the Department of Commerce, and divides the functions of the Soil Conservation Service between the Department of the Interior and the Department of



THE SENSATIONAL ROOKIE
THOMAS IN DETROIT NEWS

ARMY (MAXIMUM POTENTIAL EFFECTIVENESS)			
GREAT BRITAIN	2,000,000	1,000,000	1,000,000
FRANCE	1,500,000	1,000,000	1,000,000
TOTAL FOR ALLIES	3,500,000	2,000,000	2,000,000
GERMANY	3,500,000	2,000,000	2,000,000

(The figures for Germany are based on the 1936 census.)

Home and Abroad

What's Doing, Saying, and Thinking



NEUTRAL? WHO'S NEUTRAL?
MEMPHIS COMMERCIAL APPEAL

FOREIGN

Trouble on the Danube

Swelled by spring rains and melting mountain snows, the Danube River has lately been at the highest flood level in 60 years, all the way from the German Black Forest down past Slovakia, Hungary, Yugoslavia, Bulgaria, and Rumania to the Black Sea. While waiting for these waters to recede, a large fleet of British barges anchored off Giurgiu, in the lower Danube, a little while ago, and aroused the suspicions of Rumanian officials. Investigating the matter, these officials were amazed to find on board British soldiers disguised as seamen, and quantities of guns, bombs, dynamite, and ammunition. It is said that the British intended to move this dangerous cargo 280 miles up the river to the Iron Gate, where the Danube rushes through a narrow chasm between the towering cliffs of the Carpathian Mountains. There, it is reported, the cliffs were to be blown into the river and the barges sunk, blocking all traffic, including the long strings of barges which have been moving Rumanian oil up the river to Germany.

The British denied the charge, but Rumania held the barges. Only two days later three German barges carrying corn and oil upstream were destroyed by mysterious explosions thought to have been the work of Allied secret agents.

To prevent a repetition of this, the German government is now demanding the right to control Danube shipping, and to maintain naval and police craft all the way down the river to the Black Sea. The small nations lining the river banks (Slovakia, Hungary, Yugoslavia, Bulgaria, and Rumania) do not like the idea, but the fear that Germany may attack them if they refuse has produced great consternation in their capitals. All dread the prospect of the fighting spreading down the Danube as it recently spread into Scandinavia.

Refugees

During the past few years, small countries have been vanishing from the map of Europe one by one. Each time one state is conquered by another, and each time an internal revolt has set up a harsh, dictatorial rule, thousands

of people have been forced to flee to other parts of the world to escape political or religious persecution. The problem of finding homes for these people was serious enough when anti-Communist refugees from Russia, and German Jews and liberals fleeing Hitler constituted the main body of refugees. But today there are refugees from Austria, Czechoslovakia, Spain, Poland, and the Baltic states, and in addition it is probable that there will be still more from Scandinavia. All in all, there are probably between 10 and 12 million European refugees who are now without homes.

Various international efforts have been made to take care of the problem of resettling these exiles. The League of Nations established the "Nansen Committee," 20 years ago, to help refugees from Russia. Within the past two years, the western democracies, including the United States, have cooperated in the Inter-Governmental Committee on Refugees Coming from Germany. But none of these efforts have had much effect in solving the problem of refugees.

The main problem is finding countries which will permit refugees to enter. France, Switzerland, the United States, Mexico, and the Dominican Republic have admitted some, but most countries having enough empty land to provide homes for the refugees have refused to grant entry to more than a few. These refusals are usually based on the opposition of home labor to the importation of foreign workers, and upon fear of increasing unemployment and relief rolls. This is not always a valid excuse, for a great many refugees (particularly Germans) have been doctors, bankers, artists, writers, and industrialists with a fair amount of capital. While the problem awaits some effort at a serious solution, individual contributions have aided greatly in providing food and shelter for those refugees who need it. But they do not settle the main problem, which is growing in intensity day by day.

Poll in Shanghai

Travelers sailing up the Whangpoo River into China for the first time are usually surprised when the tall office buildings, wireless masts, and smoking factory chimneys of Shanghai come into view. Solidly built where only muddy, low-lying river banks existed 100 years ago, the main part of the city seems curiously un-Chinese. This is not surprising, for the most important part of Shanghai is the International Settlement, a foreign island of more than a million people set down in a Chinese metropolis.

Established in 1863, when British and Americans in Shanghai combined their concessions and set up a joint administration, the International Settlement now contains practically all foreigners living in Shanghai but the French, who still maintain a separate settlement. Control over taxes, police, courts, and Settlement affairs in general, is vested in a Municipal Council, the members of which are elected by one per cent of the population—the property owners and large taxpayers. During the past decade there has been an informal understanding, or "gentlemen's agreement," among the foreigners in the Settlement that the council should consist of five British, five Chinese, two American, and two Japanese members. Since the Americans, and some of the Chinese usually voted with the British, the Japanese have always been in a minority in the council.

Recently a new election was held in which



ETIENNE PHOTO

GREENLAND

With Germany's seizure of Denmark, the future of Greenland, large Danish possession in the Western Hemisphere, becomes a matter of interest to both Canada and the United States.

the Japanese discarded the "gentlemen's agreement" and nominated five members for the council. If they had won—and they expected to—the balance of power would have been broken, and control of the Settlement might have fallen to Japan on the theory that she could influence enough Chinese members to carry each vote. But when the votes were tabulated, it was discovered that the former ratio had not been changed. The Japanese have charged that the British used fraudulent practices to gain sufficient votes to maintain these five seats, but have agreed to accept the results for the time being. Observers are now somewhat fearful that Japan may take

of corrupt Turkish rule ended when Russia occupied the region. But the Russians were hardly any better, and shortly after the Russian Revolution of 1917, Bessarabia broke away from Russia, but was shortly thereafter joined with Rumania. Since Russia has never recognized Rumania's control over Bessarabia, the Rumanian government has been afraid that someday Russia may take it back, and for that reason has been reluctant to spend money on improvements. Railroads, factories, and farms have gradually fallen into disuse, and a wave of economic despondency has engulfed the region. R. H. Markham, a frequent visitor to the region, recently remarked, "One can hardly say whether the Russians or Rumanians treated it worse. No land has ever been made sadder than Bessarabia."

Since the war broke out in Europe, the Soviets have been taking a new interest in Bessarabia, and it is not impossible that the unhappy region may change hands once again. Another change may not improve matters, but it is generally agreed that it could not make them worse.

Danish Possessions

Since Germany occupied Denmark, the political status of the Danish islands in the North Atlantic has become somewhat confused. The British have already occupied one group of 18 islands, the Faeroes, probably because they lie only 200 miles from the powerful British Scapa Flow naval base, and because possession of them would provide Germany with an excellent submarine base. Iceland, which lies 250 miles northwest of the Faeroes, is a special case. Strictly speaking, it is not a Danish territory at all. Its 100,000 people live under a democratic government of their own choosing, but have acknowledged the King of Denmark as their own King. Alarmed by the prospect that Germany might force this King, Christian X, to yield Iceland as he surrendered Denmark, the Iceland parliament has now deprived him of most of his already limited powers, leaving Iceland virtually independent.

The remaining Danish possession is Greenland, an immense area three times the size of Texas, 86 per cent of which is always covered by snow and ice. Greenland does possess a few resources, such as grasslands in the east and south, untouched deposits of coal, and cryolite (used in the manufacture of aluminum and glass), which is mined extensively. But there are only 17,000 people in Greenland, almost all of whom are Eskimos, and on the whole this huge island is of little political or economic importance to the world.

But Greenland lies less than 300 miles across Davis Strait from northeastern Canada, and its great, flat ice shield has proved valuable as an emergency landing field for planes taking the northern route across the Atlantic. The Canadians, being at war with Germany, do not wish to see German troops or planes established so near at hand, and would undoubtedly resist any German attempt to land forces in Greenland. It is also likely that the United States would oppose any such German attempt to gain a foothold so close to the Western Hemisphere.



NOT SO SAFE A SAFETY ZONE
ELDERMAN IN WASHINGTON POST

steps of an entirely different nature in order to place herself in control of the International Settlement.

Impoverished Bessarabia

In northeastern Rumania, between the Pruth River and the Soviet border, lies a long, narrow plain known as Bessarabia. About the size of Pennsylvania in area, it is located in the rich black-soil belt of southeastern Europe and is capable of producing an abundance of grains, tobacco, fruits, vegetables, and grapes. But although Bessarabia contains excellent soil, it produces little. Although it contains railroads, they are seldom used. It is populated by 3,000,000 people, but they are woefully poor, and illiteracy among them is twice as high as in the rest of Rumania and in nearby Russia. Why?

The answer is that Bessarabia has long been a bone of contention between large countries nearby. During the last century a long period

HOW THE MAJOR BELLIGERENTS COMPARE

NAVY (SHIPS BUILT AND BUILDING)			
GREAT BRITAIN	2,432,264	FRANCE	812,028
TOTAL FOR ALLIES	3,244,292	GERMANY	559,000
Figures include losses of last week.			
AIR FORCE			
GREAT BRITAIN	4,000 - 10,000	FRANCE	3,800 - 6,000
TOTAL FOR ALLIES	9,800 - 16,000	GERMANY	10,500 - 19,500

COURTESY N. Y. TIMES

Figures are for potential strength, not for actual strength today—only naval losses officially confirmed are included in the chart.)



WHERE GOLD IS BURIED

At Fort Knox, Kentucky, the federal government has built a large depository and there it keeps much of its vast store of gold.

Monetary Problems of United States Reveal Complexity and Controversy

(Continued from page 1, column 1)

P., into the tills of the 140 Class I American railroads, and so on to the delicatessens, the drugstores, and the hock shops."

Then there is the paper money. The United States Treasury reports that on the last day of February there were 529,759,000 \$1 bills in circulation, and, says *Fortune*, their passage from hand to hand is so swift that they wear out in about nine months. (When a bill shows too great wear, the bank to which it finds its way turns it in to the government and gets a new bill in its place.) There are 16,054,000 \$2 bills, worth \$32,108,000, in circulation. Passing from hand to hand and over the counters of the country, there are today \$5 bills to the value of about \$1,000,000,000. The value of \$10 bills now circulating is about \$1,700,000,000; of \$20 bills, \$1,500,000,000; and bills of \$50, \$100, \$500, \$1,000, \$5,000, and \$10,000 amount in total value to a little over \$2,000,000,000. The total value of all the paper money now in use is nearly \$7,000,000,000. If it were equally divided among all the men, women, and children of the nation, each would have \$53.

Money and Gold

There we have a picture of America's money, but not a complete picture. We must not forget gold. The precious yellow metal to the value of \$18,000,000,000—three-fifths of all the gold in the world—lies in the Treasury vaults and in the Kentucky hills, to guarantee the value of the paper and coins which we use as money. The relationship between the gold supply and the money which circulates is not so simple as it once was, yet, as we shall see a little later, our currency is still based on gold.

But still the picture is not complete. We have not mentioned checks, and we use checks as well as coins and paper money when we make our purchases. Nearly all large purchases are made with checks. You may hand coins or paper money over the counter when you buy a loaf of bread or a hat, but if you buy an automobile or a house, you almost certainly pay by check. Last year, says *Fortune*, all transactions of every kind in the United States—all payments of every kind—amounted to \$700,000,000,000, and \$600,000,000,000 of them were settled by checks. Checks, then, are a form of money, and they do at least six times as much business as is done by paper bills and coins.

So much for the money which we use in the United States. Now we may take up a few of the questions which need to be answered in order for one to have an understanding of our money problems. We may begin with a very simple one:

What is money; that is, what are the uses of money?

Money has two chief uses. It is a stand-

ard of value and a medium of exchange. We measure the value of all sorts of articles in terms of money; in this country, in terms of dollars. We do not say that an automobile is worth seven horses. Instead we say a horse is worth \$100 and an automobile \$700. And, of course, it is necessary to use some article, convenient in size and shape, for the making of payments.

Why is gold or silver so frequently used by nations as money?

Many different articles or commodities have been used as money. In ancient times cattle have been so used. In Virginia at one time tobacco was used as money. But cattle and tobacco are not very suitable forms of money. For one thing, their value changes rapidly. If there is a big crop of tobacco and people can get tobacco easily, it becomes cheap. One must then give a larger quantity of tobacco in order to buy the things he wants. If, on the other hand, there is a small crop of tobacco, it is very hard to get. Its value goes up and one who has only a small amount of tobacco may exchange it for a large quantity of other goods or products.

It would be much better to use as money an article which changes in value less rapidly. Gold and silver, particularly gold, seem to fill the bill. The output of this metal, year in and year out, has not varied nearly so much as have other goods. Hence, in modern times, gold has been used as money more than anything else. Of course, it does change in value from time to time, and when this happens, the dollar also changes in value, since it is tied to gold. But our money, for the most part, has remained comparatively stable.

But how can it be said that gold is the money of the United States? We have just seen that our money consists of coins and paper bills.

Gold is nevertheless the money of the United States. It would be inconvenient, however, for people to carry gold around. Hence we have other forms of money which represent gold. The government puts the gold away in reserve and then issues coins or paper money to represent it. These coins and paper money circulate and are used by the people. But they are backed by gold in the possession of the United States government. That is what gives them their value.

Are we then on the gold standard?

Strictly speaking, we are not. If we were on the gold standard, any person who possessed a dollar bill could turn it in to the government and receive gold for it. One cannot today demand gold in exchange for his paper money. He cannot obtain any gold at all. If he possesses any, he must turn it in to the government. So we are not really on the gold standard.

However, the government declares that

(Continued on page 8)

Personalities in the News

AS chairman of the Federal Reserve Board, **Marriner S. Eccles** exercises an influence on banking policies in the United States which extends through the 12 Federal Reserve Banks to villages and cities, where hundreds of large and small banks are serving thousands of customers.

Eccles is a small, thin man, rather nervous in actions, but aggressive and decisive in speech. Although impersonal in his dealings, he has a pleasant manner. Several months ago, his term as chairman expired, and the President wanted to give him a 14-year appointment on the board. But Eccles was not sure that he wanted to remain in the government and neglect his personal business interests for so long a time. So it was arranged for him to begin a new term which would last for only four years.

Eccles first won favor in the New Deal administration in 1933. Testifying before a Senate committee, he advocated liberal federal expenditures for public works and relief as a means of promoting business recovery. He was then expressing the same economic philosophy which was to guide the Roosevelt administration's policies. For a few months in 1934, he was the assistant to the secretary of the treasury, and then began his service on the Federal Reserve Board.

Eccles' father, who came to this country from Scotland, was a prosperous businessman in Utah and the Northwest. Before he died in 1912, the elder Eccles persuaded Marriner to enter the service of the Mormon Church as a missionary to Scotland. When young Eccles returned to Utah two years later, he began a career in business and finance with his father's companies. Shrewd and astute, he later managed the family estate.

When Eccles came to Washington in 1933, he held the presidencies of a huge Oregon lumber concern, a milk products company, a construction company, and a group of banks. In addition, he was active in the management of a sugar company, a railroad, a retail lumber organization, a hotel company, and a farm implement company. These extensive interests gave him a widespread field in which to exercise his natural executive talents, and a compelling reason to be a close student of economics, finance, and government. While in the government service, Eccles has naturally relinquished his active participation in his private business and banking interests in the West.

He has often puzzled his friends in the New Deal and his other friends in banking circles. In his unceasing defense of the government-spending theory, Eccles has pleased the administration and pained the economy advocates. On the other hand, he has dismayed some government officials and heartened the bankers by opposing certain steps toward tightening the federal control of the nation's credit machinery. Admitting no paradox in his courses of action, Eccles asserts that he is essentially a conservative who is interested in maintaining and strengthening the capitalist system.



MARRINER S. ECCLES

UNTIL his country chose to resist the invasion of its territory by German forces, the world had heard very little of **King Haakon VII** of Norway. He is very well known to the Norwegian people, with whom he frequently mingles on the streets of Oslo, and he is even better known among the royal families of northern Europe, since he is related to all of them by blood or by marriage. But he is a quiet man, and his 35 years of rule over Norway were (until a few weeks ago) altogether too placid to attract the attention of the outside world.

Haakon was born in Denmark, in 1872, as Prince Karl, the second son of the Danish king, Frederick. At that time Norway did not exist as an independent kingdom, but was joined with Sweden in a union which had been in existence since 1814. Previously, from 1450 to 1814, it had been similarly joined to Denmark. Young Prince Karl was not, therefore, trained to be a king. After the usual academic education he served as a cadet in the Danish navy where he developed an absorbing interest in marine and naval affairs which persists to this day. In 1896, at the age of 24, he made what was considered a "good" marriage to Princess Maud, the third daughter of King Edward VII of England. At that time his future was obscure, since his brother Christian, was slated to become king of Denmark.

Karl's career as a monarch began abruptly and surprisingly in 1905, when Norway broke away from Sweden and began to function as an independent state. In November of that same year, the Storting, as the Norwegian parliament is called, elected him King of Norway. Thus becoming the first independent Norwegian king in more than 450 years, Karl took the name of Haakon, an ancient and honorable name among Norwegian kings, which had been in disuse for 500 years or more.

AUTHENTICATED
KING HAakon VII

Like Christian of Denmark, and Gustaf of Sweden, Haakon is a lean, athletic monarch, well over six feet in height. He is more serious in appearance than either Gustaf or Christian, but his somber face has been given variety by a succession of changes in the shape of his moustache, the tips of which once turned up with fishhook sharpness but are now content to droop.

As befits the king of a maritime people, Haakon is a collector of ship models, many of which load the shelves of his palace study. A sailor and a fisherman of some skill, he also likes skiing and skating, but most of all, it is said, a good game of bridge. Living simply and modestly at all times, Haakon is on very friendly terms with Gustaf and Christian—now that the coolness between Norway and Sweden has gone with the passing of the years. But the latest developments have placed him in a most difficult position. While he is fighting Germany on the side of the Allies, on one hand, Haakon's elder brother, Christian, has accepted German occupation of his country, and is, therefore, sovereign of what the Norwegians are forced to consider enemy territory. Technically, therefore, the two brothers are now enemies.



HIGH SCHOOLS ARE PREPARING FOR COMMENCEMENT PROGRAMS

High Schools Make Preparations For 1940 Commencement Programs

ALTHOUGH the traditional practice of engaging a special speaker for high school commencement exercises is still popular, more and more schools are having the students themselves manage the programs. Under this arrangement, the high school faculty and the school board take only a small part in the commencement. The seniors in these schools, with some faculty leadership, devise many novel programs, featuring plays, music, tableaux, pageants, and forums.

Last year, for example, the students of the Norwell, Massachusetts, High School produced a pageant which revealed glimpses of events in 150 years of our nation's history. The seniors of the Quitman, Georgia, High School developed a pageant of 10 scenes to portray the role of education during 50 years of Quitman's history. The hardships of pioneering, the early history of the Middle West, and the discovery of oil were brought to life in a pageant by the Augusta, Kansas, High School seniors. "Cambridge Yesterday and Today" was the subject of the pageant presented by the Cambridge, Wisconsin, High School students. And the Ponca City, Oklahoma, High School seniors produced an outstanding program to celebrate the opening of the Cherokee Strip.

In a number of high schools, the graduating classes arranged pageants, plays, and student talks around the themes of education, democracy, citizenship, health, safety, youth problems, music, art, vocations, and poetry. Last year, 12 seniors of the Canton, Illinois, High School discussed "What Democracy Means to Us."

In "Young America Speaks," the students of Flint Northern High School, Flint, Michigan, presented a panel of speeches on the democratic principles of education. A series of tableaux about famous historical characters was the highlight of the Glens Falls, New York, High School commencement.

Commemorating the 400th anniversary of Coronado's expedition, the seniors of Tucumcari, New Mexico, High School presented a pageant entitled "Land of the Yucca." An outstanding motion picture of the senior class and of student activities was shown at the commencement of the Brookston, Minnesota, High School. A panel discussion on "Education for What?" featured the graduation exercises of the Stadium High School in Tacoma, Washington.

"How Tarentum High School Prepares Its Students for Life" was the theme of a panel discussion for the commencement in Tarentum, Pennsylvania.

These examples illustrate the variety of programs which can be produced by the students. Scores of other high schools in every state have arranged similar commencements during recent years. Seniors who have the responsibility of managing their graduation exercises should obtain a copy of "1940 Vitalized Commencement

Manual" (Washington, D. C.: National Education Association, 1201 Sixteenth Street, N. W. 50 cents).

Time for Leisure

Do we go through life in such a hurry that we have little time for leisure and for beauty? Many people do. Some of them are hurrying to do things that are important, and others are always hurrying about doing trivial things. But, in any case, we lose a great deal if we are too busy to enjoy repose and beauty as we go along the way. So thinks the poet William Henry Davies, who writes of "Leisure":

What is this life if, full of care,
We have no time to stand and stare.

No time to stand beneath the boughs
And stare as long as sheep or cows.

No time to see, when woods we pass,
Where squirrels hide their nuts in grass.

No time to see, in broad daylight,
Streams full of stars, like skies at night.

No time to turn at Beauty's glance,
And watch her feet, how they can dance.

No time to wait till her mouth can
Enrich that smile her eyes began.

A poor life this if, full of care,
We have no time to stand and stare.

• Vocational Outlook •

Veterinary Medicine

THE profession of the veterinarian has much improved in standing during recent years. The old so-called "horse doctor" was a man of slight training whose position carried little dignity. Often he was a farmer who had taken an interest in the treatment of animals. But today, the veterinarian is a skilled and highly trained individual who has won for his profession a place of respect.

There are about 13,000 veterinarians throughout the United States, most of whom are men. Two-thirds of this number are engaged in private practice. The remaining third are employed by federal, state, and city agencies, with a few engaged in teaching. Over 1,300 veterinarians are on the staff of the Bureau of Animal Industry of the United States Department of Agriculture. Federal veterinarians inspect animals which are shipped across state lines. State and city veterinarians examine cattle, hogs, sheep, and other animals in the stockyards and keep a constant check to see that meat is in the proper condition before it is placed on the market and sold to the public.

The majority of veterinarians engaged in private practice live in rural areas. They treat animal diseases which annually cause a loss of hundreds of millions of dollars. Then, there are about 2,000 veterinarians who conduct their practice in urban centers. Their work is largely confined to the treatment of pets, which is generally a very profitable business.

How much does a veterinarian earn? His salary compares favorably with that of the average doctor or dentist. A survey made by Ohio State University revealed that a veterinarian made an average income of \$1,938 during his first four years out of college. The next five years, he received an income of \$2,797; 10 years after graduation—\$4,743 a year; and after 20 years—around \$6,591 annually.

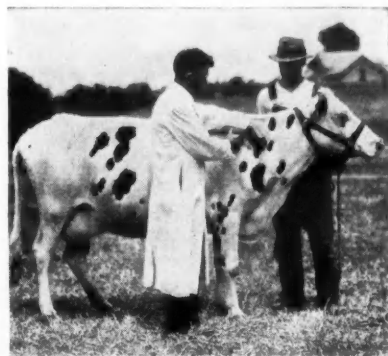
A more recent study conducted by the Office of Education, Department of Interior, places the yearly average income of all veterinarians at \$4,353. The salaries of those employed by the Department of Agriculture in the Bureau of Animal Industry start at \$2,000 and increase according to the Civil Service ranking of the veterinarian. The average salary of the veterinarians hired by state agricultural boards is \$2,650 a year; of those employed by municipal governments, \$3,000 a year. It can be seen, therefore, that the earnings of veterinarians compare favorably with those of other professions.

What chances are there for the young person interested in the veterinary profession? Ten years ago, the American Veterinary Medical Association investigated

and discovered that there were not enough veterinarians. The publicity given this information led many young men to enter this field. As a result, there are now about 2,500 applications each year for entrance into the 10 veterinary colleges of the country. These colleges permit only about 650 new students to be admitted each year. The latest available figures show that those who succeed in being admitted and who complete their course with good scholastic attainment are reasonably certain of securing a job upon graduation.

In 1937 the College of Veterinary of Ohio State University, one of the largest in the country in point of enrollment, reported that the demand for its veterinary graduates was far greater than the number it could supply. The Department of Agriculture also revealed that in 1937 and 1938 all eligible veterinarians who had sought jobs with the Department were employed, and that thus far every Civil Service examination for veterinarians has resulted in an exhaustion of the eligible list.

A student who is interested in this vocation should study English, Latin, botany, zoology, physics, chemistry, mathematics, and psychology in high school. Today, veterinary schools require only a year of college training before entrance into the school. The veterinary course takes four years and is followed by a state examina-



THE VETERINARY

tion. Naturally, only persons who are fond of animals should ever consider becoming veterinarians.

The leading professional organization is the American Veterinary Medical Association, 221 North La Salle Street, Chicago, Illinois. A good pamphlet on the subject, "Veterinary Medicine," Guidance Leaflet No. 18, may be secured by sending five cents to the Government Printing Office, Washington, D. C.

- Do You Keep Up With the News? -

(For answers to the following questions, turn to page 8, column 4)

1. King of Norway has refused the demand of the German ambassador to that country to appoint the Nazi sympathizer, Vidkun Quisling, as head of the Norwegian cabinet.

2. True or false? No Norwegian cabinet legally exists until it is approved by parliament and the King.

3. Name the international organization which recently celebrated its fiftieth anniversary.

4. The Allies penetrated the great inlet between Denmark and Norway, known as the for the greatest naval battle since Jutland.

5. Who is the Socialist party's candidate for president in the coming election?

6. The new Chinese Central Government, sponsored by the Japanese government, is located at It is headed by a former premier of China whose name is

7. What major policy of Secretary of State Cordell Hull did Congress recently re-endorse?

8. True or false? Denmark signed a non-aggression treaty with Germany last June, outlawing war and any acts of violence. The King of Denmark was also King of

9. In 1936, in an effort to strengthen our merchant marine, Congress created the A program calling for the building of (a) 200; (b) 1,000; (c) 500; (d) 800 new ships over a 10-year period was put into effect.

10. The important Norwegian iron ore port, taken by the Nazis at the beginning of their march on Scandinavia, is

11. As a result of the Nazi invasion of Scandinavia, President Roosevelt, under the pres-



ent Act, has defined the new zones, excluding United States vessels from these war areas.

12. Secretary of State Cordell Hull sent a note to Dr. Francisco Castillo Najera, the ambassador to the United States, proposing arbitration of the expropriation of American-owned oil properties.

13. Mrs. J. Borden Harriman is the United States ambassador to (a) Sweden; (b) Denmark; (c) Finland; (d) Norway.

14. Name the large Danish colony in the Western Hemisphere which might fall under the Monroe Doctrine.

15. Soviet Russia is constructing a canal which will connect two great river systems. They are the and the

16. France is rich in (a) tin; (b) copper; (c) bauxite; (d) lead, a light metal used on airplanes.

17. What New Deal project which built new dams, produced electric power, and improved river navigation is celebrating its seventh birthday?

18. What former high commissioner to the Philippines, who was once governor of the Hoosier state, is now an important Democratic candidate for the presidency?

19. Name the South American country which has the highest mountain peaks in the Andes.

20. The British first lord of the admiralty, said that Hitler's German expedition into Scandinavia was the worst strategic and political blunder since Napoleon marched into in 1808.

Money Problems Widely Debated

(Continued from page 6)

each dollar is worth 15.2 grains of gold, and it keeps a reserve of gold large enough so that it could redeem all the paper money in gold if it wished to. It maintains the policy of having at least 15.2 grains of gold put aside for every paper dollar which is printed. As a matter of fact, it has several times enough gold in reserve to do this. So long as this is the case, people think of their paper dollars as being worth a certain amount of gold, and for all practical purposes the paper dollar still represents gold just as if we were on the gold standard.

Currency Without Gold

Could a nation which, unlike the United States, does not have a great reserve of gold use paper money and keep that money at about the same value?

Yes, that is possible. A government might say, in effect, "We have no gold, or very little of it, on hand. We cannot keep a certain number of grains of gold in our treasury to back up each paper bill which circulates. But we will issue only a certain amount of paper. This will keep the paper money scarce, but not too scarce. We shall keep the same amount of it in circulation. It will then have the same value from day to day and month to month. It can be used by the people just as well as if it were backed by gold."

Such a thing as that is possible, and it is really happening in a number of the countries of the world today, because most of them do not have much gold. But things are not likely to go so smoothly for very long at a time. If a country's money is based on gold, there is a limit to the amount of paper money which the government can print and put into circulation. The amount is limited by the amount of gold it holds. But if the paper money is not backed by gold, there is no limit to the amount which may be printed.

If the government leaders are very wise, they may keep just the right amount in circulation. But few governments are that wise. The time will come when they find it very hard to raise money by taxation or by borrowing. Then they are under great temptation to put the printing presses to work and create more money. If they do this, they will cheapen the money which is in circulation. Each paper bill will buy less. And that means that prices will rise. The people are likely then to suffer from inflation, just as Germans did following the World War. So much paper money may be put into circulation that it will take a whole handful of bills to buy a sandwich.

The point should be emphasized that nations whose paper money is not backed by gold sometimes get along quite well for a long time without mismanaging their money supply in this way. Germany and Italy are doing it today, but they do it by adopting very stern measures. They have laws which force people to accept the paper bills at their face value, laws which fix the prices which people may charge for everything. It is very hard to maintain a policy of that kind in a free country.

In 1934, the United States government reduced the gold content of the dollar; that is, cut the value of the dollar in terms of gold by 40 per cent. Just what does that mean, and why did the government do it?

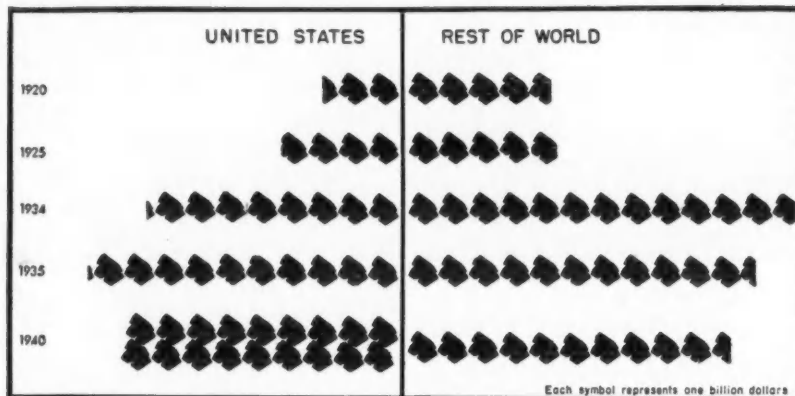
Before 1934, the government maintained in reserve 25.8 grains of gold for every

paper dollar. It announced in 1934 that thereafter the paper dollar should represent only 15.2 grains of gold. In other words, it cut the value of the dollar in terms of gold content by 40 per cent.

One reason the government took this action was that it felt that people were clinging too dearly to their dollars. They were hoarding them, and made only purchases which they absolutely had to make. If the dollar were cheapened, it was felt, people would have a little less confidence

with gold. Before the gold content of our dollar was changed, he had to get hold of 25.8 grains of gold in order to buy a dollar. In order to obtain \$1,000 with which to buy an American automobile, he had to give 25,800 grains of gold. After the gold content of the dollar was cut, he was obliged to get hold of only 15.2 grains of gold in order to get a dollar. He had to pay out 15,200 grains of gold in order to get \$1,000 with which to buy the car.

Thus, it was easier for an Englishman



GOLD HOLDINGS OF THE UNITED STATES AND OF THE REST OF THE WORLD

in their money, would spend it more freely, would buy more goods. This would create a larger demand for goods and cause prices to rise, as they always do when there is a sudden and sharp increase in demand. City and farm producers would then see a chance to make profits, so they would step up production and take on more workers.

What Happened?

What was the actual effect of cheapening the dollar on the value of money? Did prices actually rise, and did the government accomplish what it had hoped to?

The answer to this question is a matter of controversy. Supporters of the administration's money program think that it did help to stimulate business, while opponents do not think that it had any effect whatever. The fact is that prices did rise in the months that followed. People did begin to spend more freely. There were increased demands for goods.

If, at the time the demand for goods increased, the quantity of goods on the market had remained the same, the price of goods would have gone up rapidly. But, as a matter of fact, the quantity of goods did not remain the same. As people began buying more things, stores ordered more from the factories and the factories increased output. After a while there were more goods on the market. The quantity of goods increased as fast as the demand for goods did. So, while there was a rise in prices, the rise did not amount to 40 per cent. Each dollar could buy somewhat less than before, but not 40 per cent less.

The question of how much the cutting of the gold content of the dollar caused the dollar to fall in value (caused prices to rise) is complicated by the fact that other steps, besides cheapening the dollar, were being taken by the government to raise prices. So we do not know just what effect the cheapening of the dollar in itself had on prices.

What effect did the changing of the gold content of the dollar have upon our foreign trade?

It was supposed to help our foreign sales. This is why: If an Englishman wishes to buy an American automobile, he must pay dollars for it. The American manufacturer will not accept English money. So the Englishman buys dollars. He buys them

to buy American automobiles and other American goods. It was also easier for buyers in other foreign countries to buy American goods. More purchases were made of our goods and this stimulated our foreign sales. It helped American manufacturers and the men whom they employed.

At least that was the intention of the government's action in cheapening the dollar. Other countries, however, were cheapening their money at the same time. Each one was trying to attract foreign buyers. Hence, the American plan did not have as much effect as might have been expected. How much it helped, we do not know.

There is a great deal of talk to the effect that gold from all over the world is pouring into the United States. To what extent is that true?

In answer to that question, here is a quotation from the April issue of *Current History*:

"Uncle Sam has the Midas touch. His food turns to gold, whenever he ships it abroad. So do the typewriters, the airplanes, the gasoline, and the cotton we export. Just as fast as the Africans and the Russians in Siberia can dig gold out of the ground, it comes to us. We bury it right back in the ground again. We cannot use the stuff any more than could Midas, and it may turn out to be almost as great a plague to us."

"We have about \$18,000,000,000 in gold. That is four times as much gold as the Treasury owned a mere six years ago. It is 60 per cent of all the known gold reserves in the world."

How does all this gold find its way into the hands of the United States government?

Foreigners invest money in America because they think it safer here than in their own lands—that is one way we get their gold. Also, foreigners buy things from American firms. The British government, for example, buys airplanes from American airplane companies. The British have little to send Americans in return, and we make it hard for them to ship to us even the things which they could sell us. We erect tariff walls to keep out foreign goods which might compete with American-made articles. So the British government pays an American company in gold. Our government will not let its citizens keep gold on hand, however, so it buys the gold from the airplane company, paying \$35 an ounce.

Does this gold do the American government or the American people any good?

That is a difficult question. Apparently it does the government no good, for it does not need and cannot use the gold. Each new purchase adds to the gold reserves, and the government could print more paper money, still keeping it backed by gold. But if it did this, it would cheapen the money which now circulates and produce high prices. While it wanted to raise prices

from their low depression levels, it does not want prices to get out of hand. Furthermore, the government cannot buy foreign goods with its surplus gold, for if the foreign goods were brought in, they would compete with home products.

Why, then, does the government go ahead buying gold? Why does it not say, "We will not permit any more gold to come into the United States"?

If it should do that, the British could not buy any more of our airplanes. Other countries would have to cut down their purchases, for they would lose their only means of paying us for the goods they buy. This would be a bad thing for the foreigners who want to buy from us, and it would be a bad thing for the American factories which are selling to foreigners. It would probably produce severe depression in the United States.

What, then, are we to do about the vast flow of gold into our land?

That is what American financiers and statesmen would like to know. There seems at present no satisfactory answer to the question. Perhaps after the war, we may use the gold to help restore war-torn Europe. Many problems would naturally arise, of course, in the attempt to do that.

(To be continued next week)

REFERENCES: (a) U. S. Dollar. *Fortune*, February 1940, pp. 88-89. (b) Gold and Inflation, by K. Hutchison. *The Nation*, February 17, 1940, pp. 252-253. (c) Government Management of Currency and Credit, by J. P. Young. *Annals of the American Academy of Political and Social Science*, November 1939, pp. 100-105.

♦ SMILES ♦

Wife (after receiving coat of skunk fur): "I don't see how such beautiful furs could come from such a low, foul-smelling beast."

Husband: "I don't ask for thanks, dear, but I must demand respect."

—SCRIPPAGE

"What is the most pathetic picture in the world?"

"A horse fly sitting on a radiator cap."

—Pittsfield News



"I wish you wouldn't ask me for money during working hours. It doesn't look well!"

CURRIE IN COLLIER'S

Friend: "Your son is making good progress with his violin. He is beginning to play quite well."

Father: "Do you really think so? We were so afraid that he merely had got used to it."

—WALL STREET JOURNAL

Wife (sharply): "And what would you have been now if it weren't for my money?"

Husband (mildly): "A bachelor."

—Providence Journal

Landlord: "I'm going to raise your rent next month."

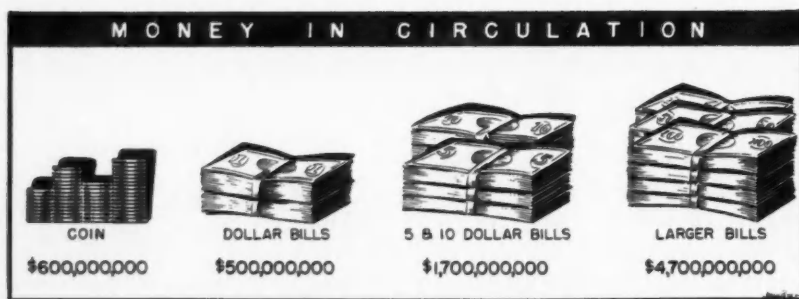
Tenant: "Thanks, old man. I was just wondering how I could do it."

—WALL STREET JOURNAL

Answer Keys

Do You Keep Up With the News?

1. Haakon; 2. true; 3. Pan-American Union; 4. Skagerrak; 5. Norman Thomas; 6. Nan-king. Wang Ching-wei; 7. reciprocal trade agreements; 8. true. Iceland; 9. United States Maritime Commission. (c); 10. Narvik; 11. Neutrality. combat; 12. Mexican; 13. (d); 14. Greenland; 15. Dnieper and the Bug-Vistula; 16. (c); 17. Tennessee Valley Authority; 18. Indiana. Paul V. McNutt; 19. Peru; 20. Winston Churchill. Spain.



MONEY IN CIRCULATION IN THE UNITED STATES